GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2687
ANSWERED ON:17.03.2006
INTEREST CHARGED BY SIDBI
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

(a) whether the rate of interest has been increased by Small Industrial Development Bank of India (SIDBI) on the Bank loans;

(b) if so, the details thereof including interest rate on loans increased during the last six months;

(c) whether the increase in interest rate on Bank loans would increase interest rate charged on loans sanctioned to small and medium-scale industries; and

(d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Small Industries Development Bank of India (SIDBI) provides refinance to Primary Lending Institutions including Banks for term loans granted by them to Small and Medium Enterprises (SMEs). During the last six months the refinance rates to Banks by SIDBI have been increased ranging from 1.1% per annum to 1.55% per annum. The present rate of interest on refinance by SIDBI is between 7.5% to 8.3% per annum depending upon the quantum and tenure of the refinance.

(c) & (d): No, Sir. The rates at which the loans are on-lent have no bearing, on the refinance rate charged by SIDBI.